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LETTER DATED 4 APRIL 1996 FROM THE SECRETARY-GENERAL ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to convey the attached communication, dated 3 April 1996, which I have received from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina.

I would appreciate your bringing it to the attention of the members of the Security Council.

(Signed) Boutros BOUTROS-GHALI

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Annex

Letter dated 3 April 1996 from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina addressed to the Secretary-General

I have the honour to transmit to you the text of the Agreement on the Federation of Bosnia and Herzegovina concluded at Sarajevo on 30 March 1996 under my auspices.

I should be grateful if you would bring this information to the attention of the members of the Security Council.

(Signed) Carl BILDT

Enclosure

Agreement on the Federation of Bosnia and Herzegovina, 30 March 1996

We, the undersigned, met in Sarajevo on 29 March 1996 at the invitation of the Principal Deputy High Representative Ambassador Michael Steiner to evaluate the present state of the Federation of Bosnia and Herzegovina and to decide upon concrete measures to implement the Federation.

What is needed now are concrete implementation steps. We welcome the establishment of Cantons numbers 8 and 10 on 26 March 1996, and of Cantons numbers 6 and 7 with a special regime on 28 March 1996. This is an important step forward. But more needs to be done. Therefore, we have decided the following:

Basic commitments

1. We reaffirm that all of the commitments undertaken at the meetings in Rome on 18 February and in Geneva on 18 March 1996, must be fully implemented.

2. We reiterate our commitment to freedom of movement throughout the territory of the Federation of Bosnia and Herzegovina, without any exception for all roads and means of transportation, and express our gratitude for efforts of the Implementation Force (IFOR), in cooperation with the United Nations International Police Force, to assist in ensuring this. In particular, we reiterate the importance of action by IFOR to eliminate all illegal internal customs, military and other check-points. This is especially important in connection with the elimination of internal customs check-points and the deployment of international monitors at the external borders on 1 April.

3. We have decided to recommend to the Federation Parliament to consider, at its next session, the annexed specimens as the future Federation flag and coat of arms.

4. We call upon IFOR, the Commission of the European Union, the World Bank and the International Monetary Fund (IMF) to continue their close cooperation in surveying the military, physical, and economic feasibility of opening additional commercial routes into Federation territory from various directions.

5. We agree that each specific obligation mentioned in this Agreement shall have to be carried out irrespectively of the implementation of other obligations mentioned in this Agreement. Linkages and conditionalities between the implementation of different obligations shall not be allowed.

Transfer of governmental structures

6. Prime Minister Muratovic and Prime Minister Kapetanovic will take immediate steps to ensure that the Federation Government has the facilities and resources necessary to fulfil the role envisaged for it under the Constitutions of Bosnia and Herzegovina and of the Federation. This will involve refinement and further reduction of role and staffing and other facilities of existing ministries of the Government of Bosnia and Herzegovina. Furthermore, the most responsible from the Croat community will take immediate steps to ensure the transfer of personnel and other resources from existing civilian authorities and organs in the areas of the Federation controlled by the HVO and the subsequent dissolution of these authorities and organs. The transfer of these resources to the Federation shall start immediately and shall be completed by 10 April.

In particular:

(a) In the area of finance, this will involve the transfer from the level of the Government of Bosnia and Herzegovina to the Federation level of all the staffing, office space and other facilities necessary for the policy and operational responsibilities of the Federation Ministry of Finance. The same applies to the transfer of personnel and resources from the finance administration in the areas of the Federation controlled by the HVO. The resources remaining at the level of the Government of Bosnia and Herzegovina will be only those corresponding to its limited functions;

(b) In the area of internal affairs, this will entail, as provided for by the Constitutions of Bosnia and Herzegovina and of the Federation, the full transfer to the authority of the Federation or, as appropriate, to Canton authority of personnel from institutions at the level of the Government of Bosnia and Herzegovina (including of the Agency for Investigation and Documentation, as far as areas of Federation competence are concerned), and from existing civilian authorities and their organs in the areas of the Federation controlled by the HVO;

(c) In the area of defense, the Federation Ministry shall become operational on the basis of a Federation Defense Law, without awaiting a Defense Law at the level of the Government of Bosnia and Herzegovina, which should be enacted after the national elections.

Furthermore, Federation Prime Minister Kapetanovic and his Deputy Bilandzija will ensure that the Federation Government, at its next session, consider and approve all outstanding Ministerial standard operating procedures in all the cases where there is a positive legal opinion of the Ministry of Justice and the Office for Legislation. The Prime Minister will instruct all those Ministries that have not yet submitted their draft regulations to submit them by 9 April. The respective Ministers and their Deputies shall bear responsibility for the timely submission of the draft regulations from their Ministries. Any of those responsible for steps identified in paragraph 6 may submit any matter related to these draft

regulations that has not been mutually agreed to the Federation arbiter for decision by 5 April.

Specific steps in the implementation of Federation institutions

7. Furthermore, we agree upon the following specific obligations:

(a) Federation Minister of Justice Tadic and his Deputy Hasic will submit the constitutional amendments necessary to harmonize the Federation Constitution with the Constitution of Bosnia and Herzegovina to the Federation Assembly at its next session;

(b) Federation Minister of Defence Soljic and his Deputy Cengic will submit the Basic Defense Law to the Federation Assembly at its next session;

(c) President Zubak and Vice President Ganic will ensure that the Federation partners, in accordance with the Geneva Statement of 18 March, submit their draft suggestions concerning the further elaboration of the organization of the city of Sarajevo to the Principal Deputy High Representative by 5 April, with the intention of resolving this question before the next meeting of the Federation Assembly;

(d) Federation Minister of Justice Tadic and his Deputy Hasic will submit the Law on Federal Units to the Federation Assembly for consideration at its next session;

(e) President Zubak and Vice President Ganic will ensure that Federation partners submit their draft suggestions concerning the adaptation of municipal boundaries to the inter-entity boundary line to the Principal Deputy High Representative by 1 May;

(f) Federation Minister of the Interior Hebib and his Deputy Leutar will provide the information and data on all current police structures and strength on the whole Federation territory as stipulated in article IV of annex 11 of the Peace Agreement to the United Nations International Police Force by 5 April. Furthermore, Federation Minister of the Interior Hebib and his Deputy Leutar will ensure that samples of the new dark grey uniforms for the police forces in Federation territory will be manufactured so that they can be presented to the public by 8 April;

(g) The elected Canton Governors and their Deputies in Cantons numbers 6, 7, 8 and 10 are responsible for ensuring the formation of the respective Canton Government by 9 April. They shall also be responsible for the subsequent establishing of functioning administrative and judicial structures;

(h) The constituting sessions of the Interim Municipal Assembly (IMA) and the election of officials shall take place in Stolac, Capljina, Vares and Bugojno by 9 April. The highest representative of the present Municipal authorities, together with the highest local representative of the two parties having received most votes at the elections of 1990 in the Municipalities of Bugojno, Vares, Stolac and Capljina shall be responsible for the successful convening of the IMA and the election of municipal officials;

(i) Federal Customs Director Bagaric and Deputy Director Bijedic will ensure that the joint customs system is functionally operational (by unifying the services, appointing the directors of customs houses and transferring all revenues to Federation accounts) by 1 April. The Ministers of Trade, Agriculture and Health and their Deputies will, in their fields of competence, ensure proper monitoring and control on all border crossings throughout the Federation, as specified in the conclusions of the Federation Government. The implementation of the system will be assisted by international observers, as soon as the Memorandum of Understanding with the European Union is signed. All other existing customs regulations shall be non-applicable by 1 April. Federation Finance Minister Bilandzija and his Deputy Curcic-Selimovic have the right to have two observers present at all times at each international customs border crossing point of the Federation observing the customs procedures exercised at those points. As far as police tasks at the international border crossings of the Federation are concerned, the Federation Law on Internal Affairs of 1 February 1996 will apply;

(j) Federation Tax Director Huseinbegovic and his Deputy Pandza will appoint senior staff by 31 March. The Federation Law on Tax Administration will be enacted and a Federation Tax Board established by 30 April;

(k) General Director of the Federal Office of the Federation Payments System Burnazovic and his Deputy Musa will make the unique payment system operational by 30 April. The payment system will, through the Federal Office for Payment Operation (ZAP), use the deutsche mark as the unit of account (other currencies already circulating in the Federation will continue to circulate through the channels of the commercial banks);

(l) Federation Minister of Finance Bilandzija and his Deputy Curcic-Selimovic will, with the advice and in cooperation with the World Bank and IMF, prepare a draft Federation budget for 1996 by 10 April. This will include the preparation of a draft budget law incorporating procedures and a control mechanism for the execution of the budget;

(m) Federation Minister of Finance Bilandzija and his Deputy Curcic-Selimovic will, in cooperation with the World Bank and IMF, prepare the basis and framework for the Canton budgets by 10 April;

(n) The Federation Finance Minister and his Deputy will submit to the Federation Government at its next session the draft law on the Federation Bank Agency monitoring the operation of banks, as well as the changes on the Federation Law on Banks, and the Federation Government will submit them to the Federal Assembly for consideration at its next session.

8. The laws called for in this agreement shall be submitted to the Federation Assembly convened for 11 April. The Assembly shall remain in session until all necessary legislative action required under this Agreement is completed.

Consequences of non-implementation

9. Cantons will not receive any financial resources from shared taxes and transfers until they have elected a Government and have established adequate operative structures. The same will hold for municipalities that have not properly formed their Interim Municipal Assembly and not elected their officials. This applies to resources from the international community as well as from the central and the Federal Government and from existing civilian authorities and organs in the areas of the Federation controlled by the HVO.

10. Assistance for reconstruction of housing beyond basic humanitarian requirements will not be channelled to communities that fail to permit the return of displaced people and refugees.

11. Recalling paragraph 8 of the Geneva Declaration, which stated that only those officials who are truly committed to the fundamental principles of the Federation and to the implementation of agreed measures should serve in public offices in Federation institutions. President Zubak and Vice President Ganic commit themselves, in cases where specific deadlines are not respected, to have removed from office all those who are mentioned in this Agreement as being responsible for the specific task and deadline.

12. In cases where the President, the Vice President and the Prime Minister agree, or the Assembly of the Federation decides that third persons bear responsibility for the non-implementation of a specific task and deadline, those third persons will be removed from office. In cases where the President, the Vice President and the Prime Minister agree, or the Federation Parliament decides that objective reasons prevented implementation of the deadline, the responsible persons will not be removed.

13. At the Federation Assembly session following the expiration of any one of the above-mentioned deadlines, the President, the Vice President and the

Prime Minister of the Federation will jointly report to the Federation Assembly on the concrete personnel changes and other decisions taken.

Signed at Sarajevo on 30 March 1996.

(Signed) Kresimir ZUBAK
President of the Federation
of Bosnia and Herzegovina

(Signed) Ejup GANIC
Vice President of the Federation
of Bosnia and Herzegovina

(Signed) Izudin KAPETANOVIC
Prime Minister of the Federation
of Bosnia and Herzegovina

(Signed) Drago BILANDZIJA
Federation Finance Minister and
Deputy Prime Minister of the
Federation of Bosnia and Herzegovina

(Signed) Hasan MURATOVIC
Prime Minister of
Bosnia and Herzegovina

(Signed) Jadranko PRLIC
Foreign Minister of
Bosnia and Herzegovina

Witnessed by:

(Signed) Ambassador Michael STEINER
Principal Deputy High Representative

Appendix to the Sarajevo Agreement on the Federation of Bosnia and Herzegovina, 30 March 1996

Proposed Federation Flag and Coat of Arms